



**RE: SB 151 Corporate Income Tax Changes - Sub – NMBC Opposes**

Chair and Members of the Committee,

On behalf of the New Mexico Business Coalition, I write in **opposition to Senate Bill 151**, the committee substitute relating to corporate income tax changes and the creation of numerous new tax credits and deductions.

New Mexico has enjoyed **several consecutive years of multi-billion-dollar budget surpluses**, providing the Legislature with ample opportunity to focus on tax relief, stability, and simplification. SB 151 moves in the opposite direction by **increasing corporate tax liability through decoupling from federal law**, narrowing long-standing deductions, and adding new layers of tax complexity at a time when neither additional revenue nor structural tax changes are justified.

The bill's changes to the definition of "base income," including the **add-back of bonus depreciation and interest deductions and the inclusion of certain controlled foreign corporation income**, represent a **de facto corporate tax increase**. These provisions raise costs on businesses that invest in capital equipment, expand operations, or operate across state and national borders—precisely the types of businesses New Mexico should be working to attract and retain.

While SB 151 attempts to offset these increases with a patchwork of narrowly targeted tax credits and deductions, this approach creates **winners and losers** and further complicates an already burdensome tax code. Businesses that do not qualify for these credits will face higher effective tax rates, while those that do must navigate additional compliance requirements, uncertainty, and administrative costs. Tax policy should be broad, neutral, and predictable—not driven by selective incentives layered on top of higher base taxes.

Equally concerning, SB 151 expands the state's reliance on **refundable and transferable tax credits**, committing future legislatures to long-term obligations without clear performance metrics or guarantees of economic return. During a period of record revenues, New Mexico should be reducing tax burdens and strengthening competitiveness—not expanding tax expenditures and increasing corporate income taxes.

New Mexico continues to struggle with job growth, population loss, and business climate rankings. Raising corporate taxes—directly or indirectly—sends the wrong signal to employers considering investment in our state.

The New Mexico Business Coalition respectfully urges the committee to **oppose SB 151** and instead focus on policies that promote tax relief, simplicity, and long-term economic growth.

Thank you for your consideration.

Carla J. Sonntag  
President & CEO